

<b>TO:</b> <b>Mail Stop 8</b> <b>Director of the U.S. Patent and Trademark Office</b> <b>P.O. Box 1450</b> <b>Alexandria, VA 22313-1450</b>	<b>REPORT ON THE</b> <b>FILING OR DETERMINATION OF AN</b> <b>ACTION REGARDING A PATENT OR</b> <b>TRADEMARK</b>
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In Compliance with 35 U.S.C. § 290 and/or 15 U.S.C. § 1116 you are hereby advised that a court action has been  
filed in the U.S. District Court                      District Court of Minnesota                      on the following

☐ Trademarks or    ☒ Patents.    ( ☐ the patent action involves 35 U.S.C. § 292.):

DOCKET NO. 11cv01257	DATE FILED 5/13/2011	U.S. DISTRICT COURT District Court of Minnesota
PLAINTIFF Land O'Lakes, Inc.		DEFENDANT David Kappo's Director of the United States Patent and Trademark Office
PATENT OR TRADEMARK NO.	DATE OF PATENT OR TRADEMARK	HOLDER OF PATENT OR TRADEMARK
1    6,319,526		
2		
3		
4		
5		

In the above—entitled case, the following patent(s)/ trademark(s) have been included:

DATE INCLUDED	INCLUDED BY	<input type="checkbox"/> Amendment <input type="checkbox"/> Answer <input type="checkbox"/> Cross Bill <input type="checkbox"/> Other Pleading
PATENT OR TRADEMARK NO.	DATE OF PATENT OR TRADEMARK	HOLDER OF PATENT OR TRADEMARK
1		
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In the above—entitled case, the following decision has been rendered or judgement issued:

DECISION/JUDGEMENT
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CLERK	(BY) DEPUTY CLERK	DATE
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Copy 1—Upon initiation of action, mail this copy to Director    Copy 3—Upon termination of action, mail this copy to Director  
Copy 2—Upon filing document adding patent(s), mail this copy to Director    Copy 4—Case file copy

34. In the fall of 2010, LOL obtained new counsel.

35. On December 22, 2010, the Director of the Technology Center denied LOL's 181 petition, citing in part the allegation that LOL did not provide proper and sufficient reasons why it did not submit the substitute 131 declaration and Exhibit Q earlier.

36. LOL did not submit the substitute 131 declaration and exhibit Q earlier because it could not have anticipated that the examiner would reject the originally-filed declaration and exhibits without sufficient legal authority.

37. The Director of the Technology Center also stated that LOL could argue on appeal that the original 131 declaration and evidence of prior invention were sufficient and should have been considered. Such a procedure is inconsistent with the mandate that the PTO conduct *inter partes* reexaminations "with special dispatch."

38. On February 22, 2011, LOL filed a petition under 37 CFR § 1.181 requesting that the Director reconsider the dismissal of the 181 petition submitted on May 24, 2010, and to have the examiner enter and consider the substitute declaration and Exhibit Q ("181 reconsideration petition").

39. The 181 reconsideration petition was denied by the Director of the Technology Center on April 12, 2011. The denial was arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with law. The denial was a final agency action.

40. On November 2, 2010, LOL submitted a petition under 37 C.F.R. 1.182 ("182 petition"), which provides for relief not otherwise provided for under the rules. In its 182 petition, LOL requested that the Director reopen the reexamination so that the examiner could consider the 131 declaration and supporting evidence. .

41. Because inter partes reexamination does not allow for the practice of continued examination as a matter of course once an ACP has issued, and in recognition of the harsh consequences that may impose on a patent owner, the Patent Office has recommended using rule 182 to request a continued reexamination. In the Official Gazette dated March 1, 2005, 1292 Off. Gaz. Pat. Office 20, in the "Notice of Changes in Requirement for a Substantial New Question of Patentability for a Second or Subsequent Request for Reexamination While an Earlier Reexamination is Pending," section "D. Transition Period" states that a patent owner that would benefit from reopening prosecution in an inter partes reexamination after an ACP has issued is advised to petition under 182 "to seek relief that is not currently provided by an existing rule, but that would be provided when a new request for continued reexamination (RCR) practice was in effect."

42. Along with the 182 petition to reopen prosecution, LOL submitted four new 131 declarations and narrowing claim amendments in an effort to 1) comply with any concerns the examiner may have with the initial 131 declaration and/or the substitute 131 declaration such that LOL's evidence of prior invention

could finally be reviewed and the rejections based upon the Rhodes reference removed; and 2) provide an additional way for the examiner to remove the rejections based upon the Rhodes reference in the form of narrowing claim amendments which on their own would overcome Rhodes. The claim amendments were merely clarifying amendments and did not add new matter. Because the 182 petition was a request for continued reexamination, LOL provided alternate ways for the examiner to remove the Rhodes reference and consequently all of the current rejections against the pending claims.

43. OPLA dismissed the 182 petition on December 22, 2010, once again citing as a basis its conclusion that LOL could have provided all of the information submitted with the 182 petition much earlier, despite LOL's explanations to the contrary and without recognizing the intent of the Patent Office to allow a petition under 182 to function similarly to a Request for Continued Examination (RCE) in prosecution of patent applications.

44. On February 22, 2011, LOL filed a Petition under 37 C.F.R. § 1.182 for Request for Reconsideration ("182 reconsideration petition"), in which LOL requested that OPLA reconsider its dismissal of LOL's 182 petition.

45. The 181 reconsideration petition was denied by the Director of the Technology Center on April 12, 2011. The denial was arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with law. The denial was a final agency action.

**FIRST CAUSE OF ACTION  
JUDICIAL REVIEW OF FINAL AGENCY ACTION—DENIAL OF  
SECTION 1.181 RECONSIDERATION PETITION**

46. The allegations of paragraphs 1-45 are incorporated herein as if fully set forth.

47. Under the Administrative Procedure Act, “[a]gency action made reviewable by statute and final agency action for which there is no other adequate remedy in a court are subject to judicial review.” 5 U.S.C. § 704. “A person suffering legal wrong because of agency action, or adversely affected or aggrieved by agency action within the meaning of a relevant statute, is entitled to judicial review thereof.” 5 U.S.C. § 702.

48. This action seeks judicial review of the Final PTO Decisions denying LOL’s 181 reconsideration petition seeking to have the Director require the examiner to withdraw the RAN and enter and consider LOL’s substitute 131 declaration.

49. The Final PTO Decision was arbitrary, capricious, an abuse of discretion, and otherwise not in accordance with law, and are therefore unlawful and should be set aside under the APA, 5 U.S.C. §706(2)(A).

50. As a direct result of the improper Final PTO Decisions, LOL has suffered a legal wrong in the form of being deprived of the opportunity to have its evidence of prior invention entered and considered in the *inter partes* reexamination and of the opportunity to provide the Board of Patent Appeals and

Interferences with a complete record that includes its evidence of prior invention related to the '526 Patent.

51. LOL seeks reversal of the Final PTO Decisions and a reopening of prosecution in order for the PTO to review LOL's evidence of prior invention.

**SECOND CAUSE OF ACTION  
JUDICIAL REVIEW OF FINAL AGENCY ACTION—DENIAL OF  
SECTION 1.182 RECONSIDERATION PETITION**

52. The allegations of paragraphs 1-51 are incorporated herein as if fully set forth.

53. Under the Administrative Procedure Act, "[a]gency action made reviewable by statute and final agency action for which there is no other adequate remedy in a court are subject to judicial review." 5 U.S.C. § 704. "A person suffering legal wrong because of agency action, or adversely affected or aggrieved by agency action within the meaning of a relevant statute, is entitled to judicial review thereof." 5 U.S.C. § 702.

54. This action seeks judicial review of the Final PTO Decisions denying LOL's 182 reconsideration petition seeking to reopen the reexamination of the '526 Patent to permit the examiner to consider LOL's substitute 131 declaration.

55. The Final PTO Decision was arbitrary, capricious, an abuse of discretion, and otherwise not in accordance with law, and are therefore unlawful and should be set aside under the APA, 5 U.S.C. §706(2)(A).

56. As a direct result of the improper Final PTO Decision, LOL has suffered a legal wrong in the form of being deprived of the opportunity to have its evidence of prior invention entered and considered in the *inter partes* reexamination and of the opportunity to provide the Board of Patent Appeals and Interferences with a complete record that includes its evidence of prior invention related to the '526 Patent.

57. LOL seeks reversal of the Final PTO Decisions and a reopening of prosecution in order for the PTO to review LOL's evidence of prior invention.

**PRAYER FOR RELIEF**

WHEREFORE, LOL prays for the entry of a judgment from this Court:

- (a) Reversing the Director's decision denying LOL's 181 reconsideration petition;
- (b) Reversing the Director's decision denying LOL's 182 reconsideration petition;
- (c) Directing the PTO to reopen prosecution to review the evidence submitted under the 181 petition.
- (d) Directing the PTO to reopen prosecution to review the evidence submitted in and with the 182 petition.
- (e) Awarding LOL such other and further relief as this Court may deem to be right and just.

Dated: May 13, 2011

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UNITED STATES DISTRICT COURT  
DISTRICT OF MINNESOTA

LAND O'LAKES, INC.,

Civil Case No. 11-1257 DWF/TNL

Plaintiff,

**COMPLAINT**

vs.

DAVID KAPPOS, *DIRECTOR OF THE  
UNITED STATES PATENT AND  
TRADEMARK OFFICE,*

Defendant.

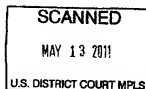
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11 MAY 13 PM 3:57  
CLERK U.S. DIST. COURT  
MINNAPOLIS

Plaintiff Land O' Lakes, Inc. ("LOL") for its complaint against the  
Honorable David Kappos, Director of the United States Patent and Trademark  
Office ("PTO"), alleges and states as follows:

**NATURE OF THE ACTION**

1. This is an action by the assignee and owner of United States Patent No. 6,319,526 ("the '526 Patent") seeking review of the Director's denial of (1) its 37 C.F.R. § 1.181 Petition seeking withdrawal of the examiner's Right of Appeal Notice and requiring the examiner to consider its 37 C.F.R. § 1.131 Declaration and exhibits; and (2) its 37 C.F.R. § 1.182 Petition seeking to reopen reexamination of the '526 Patent so that the examiner could consider its 37 C.F.R. § 1.131 Declaration and exhibits.

2. This action arises under the Patent Act, 35 U.S.C. § 1, et seq., and under the Administrative Procedure Act, 5 U.S.C. §§ 701-706. This action further arises under the Rules of Practice in Patent Cases, 37 C.F.R. § 1.1 et seq., specifically at least 37 C.F.R. §§ 1.181 and 1.182.



### **PARTIES**

3. Plaintiff LOL is one of America's premiere member-owned cooperatives and is headquartered in Minnesota.

4. Defendant David Kappos serves as Under Secretary of Commerce for Intellectual Property and Director of the PTO. The Director is head of the PTO and is responsible for superintending and performing all duties required by law with respect to the granting and issuing of patents, and is named in his official capacity.

### **JURISDICTION AND VENUE**

5. This Court has jurisdiction pursuant to the Administrative Procedure Act, 5 U.S.C. §§ 702-706, 28 U.S.C. §§ 1338(a) and 1361.

6. Venue is proper in this Jurisdictional District under 5 U.S.C. §§ 702-706, and 28 U.S.C. §§ 1391(e).

### **BACKGROUND**

7. The '526 patent issued to Dahlstrom et al. on November 20, 2001. Attached as Exhibit A is a true and correct copy of the '526 patent.

8. The '526 patent issued from a patent application that was filed on January 6, 2000.

9. The '526 patent is entitled, "Pasta Filata Cheese" and is directed to process of manufacturing a mozzarella-like cheese.

10. LOL is the assignee and sole owner of the '526 patent.

11. On January 8, 2002, the PTO received a request from a Third Party Requester ("TPR") (Leprino Foods Company, a competitor of LOL's) for an *inter partes* reexamination of the '526 patent.

12. The *inter partes* reexamination procedure provides third party requesters with an opportunity to participate in reexamination proceedings.

13. According to 37 C.F.R. § 1.937, *inter partes* reexaminations "will be conducted with special dispatch."

14. On April 4, 2002, the *inter partes* reexamination was ordered by the PTO along with a non-final Office Action in which the PTO rejected nearly all claims solely based upon or primarily based upon U.S. Patent No. 6,120,809 ("the '809 patent" or the "Rhodes reference"), issued to Rhodes on September 19, 2000.

15. The '809 patent issued from a U.S. Patent Application that was filed on October 28, 1998, entitled, "System and Method for Making Enhanced Cheese."

16. The '809 patent claimed priority to a U.S. Provisional Application No. 60/063,990, which was filed on October 29, 1997.

17. After the PTO merged an *ex parte* reexamination that was also initiated by the TRP with the *inter partes* reexamination, the PTO issued another non-final Office Action on February 16, 2005. The PTO rejected all pending claims again based solely on or primarily on the Rhodes reference.

18. LOL, through its counsel, submitted arguments to the PTO to overcome the rejections, but the PTO was not persuaded and issued an Action Closing Prosecution ("ACP") on June 23, 2007.

19. LOL filed comments in response to the ACP, but the PTO maintained its rejections and issued a Right of Appeal Notice ("RAN") on April 1, 2008.

20. From the time of the issuance of the RAN until August 2009, LOL and the TPR briefed the case for appeal to the Board of Patent Appeals and Interferences.

21. In August 2009, LOL became aware of evidence that showed that the inventors of the '526 patent had conceived and reduced to practice (i.e. invented) the patented invention earlier than the priority date of the Rhodes reference (i.e. October 29, 1997). If LOL could show that it had invented before October 29, 1997, the Rhodes reference would not be available as a reference to reject the claims of the '526 patent.

22. Because prosecution had been closed by the ACP in the *inter partes* reexamination, LOL sought to reopen prosecution to permit it to submit to the examiner the evidence concerning the conception and reduction to practice of the patented invention. To do so, LOL filed a petition under 37 C.F.R. § 1.183, which permits the Director to suspend or waive any requirement of the regulations which is not a requirement of the statutes in an extraordinary situation, when justice requires.

23. On August 31, 2009, LOL filed a petition under 37 C.F.R. § 1.183 to request waiver of 37 C.F.R. §§ 41.63(c) and 41.66(c) in order to reopen prosecution to permit entry of a declaration under 37 C.F.R. § 1.131, which provides for an affidavit or declaration to show prior invention. The 1.183 petition also included the evidence of prior invention (referred to herein as Exhibits A-P).

24. On November 4, 2009, the Office of Patent Legal Administration ("OPLA") granted LOL's 183 petition, permitting entry of LOL's concurrently filed 131 declaration, accompanied by attached Exhibits A-P, thereby reopening prosecution for the evidence to be considered by the Examiner. In granting the petition, the Senior Legal Advisor stated that reopening prosecution for the examiner to consider LOL's evidence of prior invention was "in the interest of resolving the issues of the present proceeding with special dispatch, pursuant to the requirement of 35 U.S.C. 305 to conduct reexamination proceedings 'with special dispatch within the Office.'"

25. After receiving the evidence to be considered, the examiner issued a non-final ACP on December 17, 2009. The examiner refused to consider LOL's 131 declaration on the grounds that the declaration was "defective and cannot be used to swear behind the effective date of the Rhodes '809 patent. Thus, all of the rejections of record using Rhodes '809 as the primary reference as set forth in the Examiner's Answer of February 23, 2009 are maintained."

26. The examiner asserted that the 131 declaration was defective on the grounds that: 1) the declaration stated that LOL invented the invention and did not

specifically name which inventor reduced the claimed invention to practice; 2) LOL provided evidence (Exhibits A-P) to show prior invention but did not “provide any facts or analysis of either the claimed invention or the Exhibits upon which the conclusion rests,” Non-final ACP, page 9; and 3) LOL, as patent owner, signed the 131 declaration, without establishing that the inventors were unavailable or unwilling to sign. The examiner provided no legal authority to support the first and second bases for rejecting the declaration, and cited the Manual of Patent Examination Procedure (“MPEP”) 715.04(I) to support the third basis.

27. 37 C.F.R. 1.131 states that a patent owner may choose to sign a 131 declaration regardless of whether an inventor(s) are available or not: “the inventor of the subject matter of the rejected claim, the owner of the patent under reexamination, or the party qualified under §§ 1.42, 1.43, or 1.47, may submit an appropriate oath or declaration to establish invention of the subject matter of the rejected claim prior to the effective date of the reference or activity on which the rejection is based.”

28. 37 C.F.R. § 1.951 states that “After an Office action closing prosecution in an inter partes reexamination, the patent owner may once file comments limited to the issues raised in the Office action closing prosecution.”

29. On January 29, 2010, LOL filed comments in response to the ACP issued on December 17, 2009, in which LOL attempted to cure the alleged deficiencies of the 131 declaration, but in which LOL also stated that it believed

the 131 declaration was in compliance with all applicable rules. Nonetheless, in an effort to cooperate and hasten prosecution and review of the vital evidence showing prior invention, LOL submitted a second 131 declaration ("substitute 131 declaration") to address the alleged deficiencies cited by the examiner.

30. The substitute 131 declaration stated that the named inventors conceived of and reduced to practice the invention. Along with the substitute 131 declaration, LOL also submitted Exhibit Q, a claim chart, which directed the examiner to where in the evidence (Exhibits A-P) prior invention was established for each limitation of every pending claim. Finally, the substitute 131 declaration was signed by two of the three named inventors, LOL being unable at that time to obtain the signature of the third inventor. LOL concurrently filed another petition under 37 C.F.R. 1.183 with the OPLA to waive the "rule" allegedly provided under MPEP 715.04 that all inventors must sign a 131 declaration, unless unavailable. The substitute 131 declaration and Exhibit Q did not contain any new substantive material that had not previously been provided, but rather only addressed the minor alleged deficiencies cited by the examiner in the non-final ACP.

31. On March 25, 2010, OPLA dismissed the petition stating that the examiner was in error in stating that the 131 declaration could not be signed by the patent owner without first establishing that the inventor(s) were unwilling to sign. OPLA affirmed that the original 131 declaration that was signed by LOL was

proper under 37 C.F.R. 131 and therefore the substitute declaration was unnecessary.

32. On April 29, 2010, the examiner issued a Right of Appeal Notice in which the examiner refused to enter or consider the substitute 131 declaration, including Exhibit Q. The examiner stated that there was no good reason why the substitute 131 declaration including Exhibit Q could not have been submitted earlier and that LOL's failure to do so evidenced a lack of good faith effort, referring to the deficiencies of the first 131 declaration as "egregious." The examiner further stated that Exhibit Q would not be reviewed because it would entail a "massive undertaking." *Id.*

33. Because the examiner refused to review the evidence of prior invention (Exhibits A-P) initially submitted with the first 131 declaration; and because the examiner refused to enter or consider the additional information submitted by LOL in an effort to cure the alleged and unsupported or incorrectly identified deficiencies asserted by the examiner in the ACP, LOL submitted a petition under 37 C.F.R. 1.181 ("181 petition") to the Director to have the examiner withdraw the RAN and enter and consider the substitute 131 declaration. LOL filed the 181 petition on May 24, 2010. A 181 petition permits a patent owner to petition the Director "(1) From any action or requirement of any examiner in the ex parte prosecution of an application, or in ex parte or inter partes prosecution of a reexamination proceeding which is not subject to appeal to the Board of Patent Appeals and Interferences or to the court."